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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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GERMANY

Outside the Soviet Union, the situation in Germany was to provide the clearest indication of the problems faced by the new Soviet leadership and the difficulty which it had in handling them. Difficulty in larger policy questions is perhaps inherent in the nature of the collegial leadership, where differing opinions must be resolved and where mistaken policy can react disastrously on its chief proponent.

In East Germany, US officials were quick to notice in the days following Stalin's death that Walter Ulbricht was taking special pains to straighten out his record. His 8 March policy statement, published in the East German press prior to Malenkov's funeral oration, attributed to Stalin's guidance policies that Ulbricht had long espoused. At the same time, [redacted] at a late March meeting of the Soviet Control Commission Grotewohl had criticized the SED Central Committee and, indirectly, Ulbricht for failure to meet successfully the problems of reparations, refugees and consumer goods shortages. The relative mildness of East German reaction to West German Bundestag ratification of the EDC and the contractual agreements was taken at the time as a possible indication that Ulbricht's strong policies were less acceptable than they had been previously.

[redacted] relations between the Soviet occupation authorities and East German Communist leaders had deteriorated, due to the low esteem in which the Russians were held by the East Germans and the political and economic blunders for which the Germans were blamed. At the same time, the USSR put out feelers regarding new Soviet proposals on Germany. These feelers were evasive on the problem of free elections in East Germany, declaring that the essential problem was to ensure Germany's neutrality.

On 15 April Ulbricht disproved rumors of a Soviet policy shift in Germany and of his own shaky status by strongly reaffirming his "rapid socialization" program. Two days after this speech the Soviet Government announced that the Political Advisor to the Soviet Control Commission, V. S. Semenov, was being recalled and would be replaced by P. F. Yudin. This appointment was especially interesting in view of the importance of this job and the fact that Yudin, like Kuznetsov and Benediktov, had also had no foreign office experience. He was a Party theoretician of long standing, who had been the first editor of the Cominform Journal and who was elevated to the Party's Presidium at the October Congress.

[redacted] On the surface it looked as though this Party leader was being sent into a ticklish post to keep the situation under control

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and possibly to implement a new policy.

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On 5 May Ulbricht continued his hard line when he bitterly denounced the West German Socialists as traitors to the working class despite their opposition to the Bonn and Paris treaties. Ulbricht's propaganda tactic of basing the unity campaign on the implausible thesis that an increasingly communized East Germany would become more attractive to West Germans demonstrated an inflexibility inconsistent with the emphasis being given to the German unity campaign in statements emanating from Moscow.

On 5 May Ambassador Bohlen commented that the articles by Grotewohl and Ulbricht, published in the Moscow press on the anniversary of the German surrender, did not indicate a change in Soviet policy toward Germany and may have been an attempt to show that rumors of such a change were without foundation. On 15 May the SED expelled Franz Dahlem and several other members from its Central Committee. Dahlem's fall from favor had been attributed to his Western residence and his alleged association with the view that the transfer of "Soviet-style communism" to East Germany should be delayed. His purge again pointed to the dominant position of Ulbricht.

On 28 May Moscow completely revamped its representation in Germany by dissolving the Soviet Control Commission and naming Ambassador Semenov to the new post of Soviet High Commissioner in Germany. His return 37 days after his replacement as Political Adviser to the SCC by Yudin implied indecision in Moscow on policy in Germany and on the organizational and personnel setup necessary to implement it.

Semenov's replacement in April had left no prominent Soviet Foreign Ministry official in Germany during a period when the USSR was expressing interest in an improved international situation. On 1 May the Soviet press had carried Semenov's elevation to the Collegium of the Foreign Ministry. The announcement of his return to Germany was now made by the Soviet Foreign Ministry. It indicated that the Foreign Ministry under Molotov was being allowed to assume formal responsibility for overall German policy determination at the expense of the Army representative, Chuikov. The status of both was left unclear in the original announcement.

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Chuikov, whose functions were limited to command of the Soviet troops in Germany, was transferred on 7 June to an unnamed post in the Ministry of Defense and replaced by Col. General A. A. Grechko, who had been Commander of the Kiev Military District. Yudin was subsequently to be appointed Deputy to Semenov. At the same time I. I. Ilyichev, formerly Soviet Ambassador to East Germany and a professional diplomat, took over the duties of Soviet High Commissioner to Austria from General Sviridov and was also named Ambassador to Austria.

The extent of Yudin's actual control of East German policy cannot be ascertained; the brief Yudin period on the SCC was not marked by any change in the intensified communization process, which reached a crescendo during his tenure. Vituperative speeches were made by Premier Ulbricht in support of this program. Also during this period, the East German campaign against the Protestant Church reached its peak. The disparity between the uncompromising East German position and conciliatory Soviet gestures elsewhere was manifest.^{1/}

Four days after the arrival of Semenov, the SED Politburo announced a spectacular reversal of its former program, clearly implying that Semenov had returned with a new policy. On 9 June it did inter alia the following things:

1. Composed major differences with the Protestant Church;
 2. Called for amendment of the plan for heavy industry with a view to improving worker standards of living;
 3. Halted the recently intensified campaign for socialization of agriculture;
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4. Promised new policies regarding residence and interzonal transit permits;
5. Promised restitution of confiscated property and restoration of full civil rights to refugees who returned from the West;
6. Professed a willingness to encourage private business; and
7. Promised a general amnesty for persons charged with damaging state-owned property.

A week following the SED reversal, the East German Government encountered the greatest show of resistance ever experienced in any Soviet Satellite. Curiously, the riots on 16 and 17 June began as a demonstration which the Government, anxious to show its new-found liberality, probably inspired and encouraged, and certainly, in the beginning, winked at.

Protesting a late May increase in work norms, 100,000 East Berliners finally joined in unprecedented revolt against the regime. Strikes and rioting spread over much of the Soviet Zone, with the demonstrators calling for abolition of the regime and free all-German elections. Soviet authorities reacted swiftly and efficiently to quell the disturbances. On 19 June a total of 25,000 Soviet troops with at least 450 tanks and self-propelled guns were estimated to be in East Berlin.

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It was later confirmed that strikes or riots had occurred in 28 cities in East Germany.

A 21 June editorial in the East German Communist newspaper, Neues Deutschland, stated that "the quelling of the fascist provocation was absolutely essential so that our Government might embark on its new course which . . . aims at a decisive improvement in the living standard of our population." On the same day the SED Central Committee proclaimed that enemies of the people would not be allowed to interrupt the new course of action, and announced further economic concessions. Despite renewed disturbances on 7 July, the East German Government reopened the sector border in Berlin two days later.

The Soviet Union, therefore, had withstood this first test in East Germany and rejected the alternative of cracking down on its restive Satellite in retaliation. Additional proof that a general conciliatory

policy was, at least for the moment, still in effect was seen in several developments in the Satellites. For example, on 22 June the Albanian Government cancelled debts accumulated by peasants from 1949 to 1952. On 24 June Hungary liberalized crop collection measures. On 4 July newly-appointed Hungarian Premier Imre Nagy promised economic and political reforms unprecedented in the Satellites. On 6 July Czechoslovakia revoked a harsh labor discipline decree announced only one week earlier.

Meanwhile, the USSR had reshuffled its diplomatic representation in Poland in another of the top-level personnel realignments which had been taking place since Stalin's death. G. M. Popov, another man new to the diplomatic scene, was appointed Ambassador to Poland. His appointment indicated some diminution of Malenkov's influence. During the 1940's Popov rose rapidly to the highest echelons of the Party hierarchy. Between 1941 and 1946 he had become successively a full member of the Central Committee, First Secretary of the important Moscow City and Oblast committees, and a member of the Secretariat and Orgburo of the Central Committee. In December 1949 he suffered a sharp set-back when he was replaced on the Central Committee Secretariat and as First Secretary of the Moscow Party organization by N. S. Khrushchev, and transferred "to responsible work in city construction." His loss of these important positions has been attributed to Malenkov's influence. He served as Minister of City Construction and later was Minister of Agricultural Machine Building until his removal in December 1951. His partial decline was evident at the 19th Party Congress when he was reduced from full to alternate membership on the Central Committee. According to Ambassador Bohlen, A. A. Sobolev, whom Popov had replaced, was reportedly unsympathetic to Molotov.

Ambassador Bohlen anticipated that the East German reforms would go forward, although the Soviet leadership had clearly been impressed with the dangers to a dictatorship inherent in a program of liberalization. In a cable of 19 June he suggested that the reforms were motivated primarily by the domestic situation in East Germany and stemmed from the realization by the new Soviet leaders that a continuation of intensive socialization would lead to either economic or political catastrophe which could be coped with only through measures of terror they were unwilling to employ. He pointed out that the Orbit press had printed the almost unprecedented admission that a working class could oppose a Communist regime. He added that the emphasis put on the need for greater consideration for the masses suggested that the reforms would continue.